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THE ROYAL BANK OF CANADA

Interim Report

Second Quarter, 1973

To our shareholders

We are pleased to send you our unaudited statement of Revenue and Expenses for the quarter and six months ending April 30, 1973, along with the highlights of the balance sheet at that date.

During the first six months of our fiscal year, our Balance of Revenue was \$91,504,000, an increase of 7.2 percent for the year to date. The Balance of Revenue for the quarter just ended is \$43,234,000, up 11.3 percent over the same period in 1972, but down 11.6 percent from the record first quarter.

A major characteristic of the first and second quarters, this year and last,

has been the strong demand for Canadian dollar loans. As well, we have experienced vigorous growth in our international business volumes. However, compared with the corresponding period a year ago, our total expenses continue to increase at a faster rate than total revenues, mainly due to the increased costs of deposits both internationally and in Canada. Also, salaries and related benefits are much higher, reflecting general salary revisions made earlier this year.

Chairman and President

Statement of Revenue and Expenses

Unaudited
(In thousands of Dollars)

	FOR THE 3 MONTHS ENDED APRIL 30		FOR THE 6 MONTHS ENDED APRIL 30	
	1973	1972	1973	1972
REVENUE				
Income from loans	\$222,135	\$176,264	\$426,393	\$355,822
Income from securities	28,017	26,717	59,512	56,617
Other operating revenue	27,896	24,213	53,893	49,879
Total revenue	\$278,048	\$227,194	\$539,798	\$462,318
EXPENSES				
Interest on deposits and debentures	\$143,100	\$110,989	\$272,505	\$225,977
Salaries, pension contributions and other staff benefits	54,682	44,325	104,941	87,883
Property expenses, including depreciation	13,679	12,104	26,631	23,826
Other operating expenses, including provision for losses on loans based on estimated five-year average loss experience	23,353	20,936	44,217	39,278
Total expenses	\$234,814	\$188,354	\$448,294	\$376,964
Balance of revenue	\$ 43,234	\$ 38,840	\$ 91,504	\$ 85,354
Provision for income taxes relating thereto	20,900	18,600	44,100	40,900
Balance of revenue after taxes	\$ 22,334	\$ 20,240	\$ 47,404	\$ 44,454
Dividends declared	\$ 8,316	\$ 7,983	\$ 16,632	\$ 15,634
Per share	25c	24c	50c	47c

NOTE: Each year an appropriation out of earnings must be made to cover possible losses on loans, investments and other assets of the Bank. As the amount required is decided upon only at the end of the fiscal year, no provision has been made in this interim statement. Since the annual appropriation must be taken into account in arriving at Balance of Profits, the latter figure can also be determined only at year-end.

Balance Sheet Highlights

Unaudited
(In millions of Dollars)

	As at April 30		% Increase
	1973	1972	
Total assets	\$16,083	\$13,861	16.0
Total loans	8,919	7,867	13.4
Total deposits	14,728	12,694	16.0
Canadian dollar deposits	9,554	8,450	13.1
Foreign currency deposits	5,174	4,244	21.9